

## Message Text

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ACTION OES-06

INFO OCT-01 EA-07 ISO-00 ERDA-05 ACDA-07 SP-02 COME-00

CIAE-00 INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-07 NRC-05

FEAE-00 DODE-00 ERDE-00 INRE-00 SSO-00 NSCE-00 /068 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 0895

C O N F I D E N T I A L TOKYO 10791

E.O. 11652: GDS

TAGS: TECH, ENRG, JA

SUBJECT: PROPOSED U.S.-JAPAN TALKS ON OPTIONAL WAYS TO MEET FAR  
EASTERN NEEDS TO STORE OR REPROCESS IRRADIATED FUEL ELEMENTS

REF: STATE 176050

1. OTSUKA WAS PRESENTED WITH ISSUE OUTLINED REFTTEL, WITH  
LIBERAL USE OF TALKING POINTS PROVIDED. HIS REACTION AS  
FOLLOWS:

A. JUST AS USG HAS NO FORMAL AUTHORITY TO PROHIBIT U.S.  
PRIVATE COMPANY TO APPROACH JAPANESE UTILITIES WITH SOLICI-  
TATION OF INTEREST IN STUDY, GOJ HAS NO AUTHORITY TO STOP  
UTILITIES FROM TALKING TO U.S. COMPANY.

B. IF PRIVATE COMPANY DECIDES TO CONTACT UTILITIES,  
THE RESPONSE FROM THEM MAY WELL BE NON-COMMITTAL, ALTHOUGH  
THEY WILL LISTEN POLITELY. THEY MORE THAN LIKELY WILL ASK  
FOR INDETERMINATE LENGTH OF TIME TO CONSIDER MATTER.

C. U.S. COMPANY MIGHT WANT TO TAKE INTO CONSIDERATION  
IN PLANNING TIMING OF APPROACH THAT GOJ HAS NOT YET ESTABLISHED  
POLICY ON REGIONAL NUCLEAR FUEL CENTERS AND COMPANY  
MAY WISH TO DEFER ITS APPROACH UNTIL GOJ POLICY BECOMES  
BETTER DEFINED.

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D. PURPOSE OF FORTHCOMING GOJ/USG MEETING IS TO HELP JAPAN BECOME MORE FAMILIAR WITH REGIONAL FUEL CENTER CONCEPT AND LOGICAL SEQUENCE OF EVENTS IS FOR GOVERNMENT THINKING TO BE FURTHER DOWN PATH THAN IT IS NOW BEFORE PRIVATE ENTITIES TRY TO FORCE POLICY ISSUE BY PROLIFERATION OF STUDIES.

E. PRIVATE ORGANIZATIONS IN JAPAN ARE NOT YET AWARE IN DEPTH OF POLITICAL, ECONOMIC, TECHNICAL, AND FINANCIAL PROBLEMS CONNECTED WITH LARGE-SCALE REPROCESSING IN PARTICULAR AND REGIONAL FUEL CENTERS IN GENERAL, AND GOJ MUST LEARN MORE ABOUT THESE PROBLEMS AND SOLUTIONS TO THEM AND THEN EDUCATE AND GUIDE INDUSTRY ACCORDINGLY.

F. UTILITIES IN JAPAN WILL BE RELUCTANT TO CONSIDER OR NEGOTIATE FOR STUDY UNLESS U.S. COMPANY CAN GIVE COMPLETE ASSURANCE TO THEM THAT IT HAS BACKING OF USG.

G. THERE WAS NO OBJECTION TO PRIVATE ENTITIES FROM BOTH COUNTRIES ALVKTING TOGETHER TO DISCUSS SUBJECT OF REGIONAL FUEL CYCLE CENTERS BUT IT MUST BE REMEMBERED THAT AS FAR AS JAPAN IS CONCERNED, THE GOJ HAS THE PRIMARY RESPONSIBILITY FOR DETERMINING WHETHER AND HOW SUCH CENTERS ARE TO BE CONSTRUCTED IF JAPAN IS INVOLVED.

2. POINTS MADE BY OTSUKA ABOVE CAN BE COMMUNICATED TO NUS IF DEPARTMENT WISHES. HE ALSO MADE ADDITIONAL COMMENTS BEARING ON ABOVE AS FOLLOWS:

3. THE FORTHCOMING GOVERNMENTAL TALKS HAVE BECOME IMPORTANT TO JAPAN, PARTICULARLY AS EVIDENCE OF ITS NEW POST-NPT POSTURE. OTSUKA STATES THAT HE HAS LEARNED MUCH ABOUT THE COMPLEXITY OF THE REPROCESSING ISSUE FROM THE LONDON SUPPLIER'S CONFERENCES AND FROM HIS BILATERAL CONTACTS WITH USG EXPERTS. THE NEXT MEETING WILL BE AN EXTENSION AND ELABORATION OF PREVIOUS FRUITFUL DISCUSSIONS AND FIRST TIME THAT GOJ IS ABLE TO FACE THE ISSUE SQUARELY. HE WOULD NOT BE ENTHUSED BY PROSPECT THAT TALKS COULD GET OFF TRACK BY PARALLEL EFFORT PROCEEDING IN PRIVATE SECTOR. FURTHERMORE, WHOLE SUBJECT OF REPROCESSING IN JAPANESE  
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PRIVATE SECTOR IS IN STATE OF CONFUSION; TROUBLES HAVE ARISEN IN PLANNING FOR NEXT JAPANESE REPROCESSING PLANT, AND SERIOUS PROBLEMS EXIST IN TRYING TO OBTAIN INTERIM REPROCESSING SERVICES FROM FRANCE AND UK. QUESTION THEN ARISES AS TO WHETHER UTILITIES ARE IN POSITION TO TAKE ON ADDITIONAL BURDEN OF CONSIDERING NUS PROPOSAL. (COMMENT: IT COULD BE ARGUED THAT STUDY COULD HELP RESOLVE SOME OF THESE ISSUES.)

4. FOR WHAT MEY BE THE FIRST TIME, MOFA HAS SET ABOUT IN A QUIET BUT STEADY MANNER TO TRY TO ENLIGHTEN THE NUCLEAR COMMUNITY ON THE POLITICAL IMPLICATIONS OF REGIONAL FUEL CENTER CONCEPT. OTSUKA HAD A FRANK TALK WITH THE VZVANESE AEC ON THIS SUBJECT ABOUT A MONTH AGO AND MORE RECENTLY GAVE A LECTURE TO A MEETING ORGANIZED BY KAWASHIMA ON THE POST-NPT NUCLEAR INDUSTRY. LIKEWISE, OHTA HAS GIVEN LECTURE TO JAIF. INTENT IS TO BEGIN AND CONTINUE PROCESS OF MAKING INDUSTRY MORE SOPHISTICATED IN INTERNATIONAL ASPECTS OF NUCLEAR ENERGY.

5. OFFICIALLY, MOFA TAKES POSITION THAT IT IS NOW COMMITTED TO SUPPORTING IAEA FEASIBILITY STUDY, HAS BEEN DILIGENTLY SENDING TECHNICAL REP TO MEETINGS IN VIENNA AND SHOULD DEFER OTHER STUDIES FOR TIME BEING. OTSUKA'S PERSONAL THINKING HAS BEEN GOING ALONG LINE THAT NEXT MONTH'S GOVERNMENT MEETING COULD LEAD TO BILATERAL GOVERNMENT-SUPPORTED FEASIBILITY STUDY OF POLITICAL, SAFEGUARDS, AND OTHER ISSUES WHICH ARE NOT NORMALLY HANDLED BY PRIVATE SECTOR, AND SUCH A STUDY WOULD NOT BE IN CONFLICT WITH IAEA EFFORT.

6. OTSUKA DID NOT MENTION BECHTEL PROPOSED STUDY, GE PROPOSAL FOR FUEL STORAGE FACILITY, OR OTHER RELATED CONTACTS BETWEEN PRIVATE SECTORS OF TWO COUNTRIES, AND CONSEQUENTLY EMBOFF DID NOT MENTION THEM EITHER.

7. VIEWS OF SCIENCE COUNSELOR AND ERDA SCIREP ARE THAT INFORMAL COMMERCIAL OVERTURES BY U.S. COMPANY AT THIS TIME ARE NOT LIKELY TO BE PREJUDICIAL TO GOVERNMENT TALKS, PROVIDED THAT COMPANY MAKES ABSOLUTELY CLEAR TO UTILITIES THAT (A) IT IS NOT ACTING ON BEHALF OF USG, CONFIDENTIAL

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(B) THAT USG APPROVAL FOR ACTUAL CONDUCT OF STUDY HAS NOT YET BEEN OBTAINED, AND (C) THAT RESULTS OF STUDY, IF FUNDED AND COMPLETED, WILL NOT NECESSARILY REFLECT VIEWS OF USG OR GOJ NOR BE BINDING ON THEM. OTHERWISE, CONFUSION ANTICIPATED BY OTSUKA MAY WELL OCCUR AND WILL ACT TO DETRIMENT OF USG INTERESTS. ADMITTEDLY, EMBOFFS QUESTION BROAD SCOPE OF PROPOSED NUS STUDY, PARTICULARLY THE ADDRESSING OF "POLITICAL AND OTHER" ASPECTS, AND WONDER HOW SUCH STUDY COULD BE CONSIDERED AUTHORITATIVE BY JAPANESE IF TWO GOVERNMENTS ARE STUDYING SAME ISSUES SIMULTANEOUSLY. IT WOULD SEEM THAT UTILITIES HAVE PRIMARY INTEREST IN TECHNICAL, ECONOMIC (INCLUDING FINANCING) AND LEGAL ASPECTS -- PROVINCES TYPICALLY THOSE OF PRIVATE SECTOR. WITHOUT HAVING BENEFIT YET OF APPROACH USG PLANS TO TAKE IN GOVERNMENT TALKS, IT APPEARS THAT ACTUAL CONFLICT

THROUGH TWO SIMULTANEOUS PATHS COULD WELL OCCUR. ON OTHER  
HAND, IT IS RECOGNIZED THAT USG EXPERTS ARE FULLY AWARE  
OF THIS POTENTIALITY AND ARE PREPARED TO DEAL WITH IT.  
WE WOULD BE MORE COMFORTABLE (AND PRESUME JAPANESE INTERESTS,  
BOTH GOVERNMENTAL AND PRIVATE, ULTIMATELY ALSO WOULD BE)  
IF (A) SCOPE OF PROPOSED PRIVATE STUDY WERE CORRESPONDINGLY  
LIMITED TO SUBJECT MATTER WITHIN RANGE OF NUS EXPERTISE  
AND/OR (B) NUS CONTACTS WITH UTILITIES COULD BE DEFERRED  
FOR ANOTHER SIX WEEKS OR SO. EXCEPT FOR WANTING TO BE  
IN FIRST WITH A PROPOSAL, NUS' HURRY IS DIFFICULT TO  
UNDERSTAND, SINCE NEGOTIATIONS WITH UTILITIES ARE  
LIABLE TO BE PROTRACTED AND ERDA MUST STILL GRANT PART  
810 APPROVAL.  
HODGSON

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## Message Attributes

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